Manitoba

Government of Manitoba

Economic and Fiscal Background

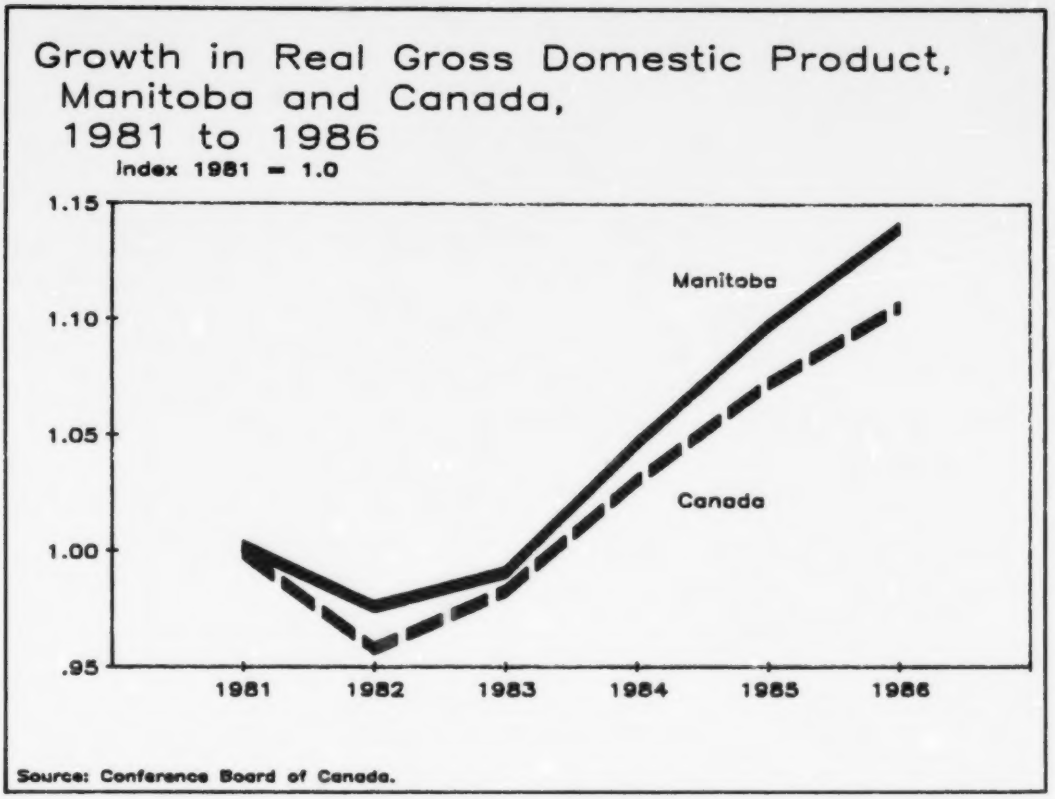
1987/88 PRE-BUDGET CONSULTATIONS

Honourable Eugene Kostyra
Minister of Finance

1987/88 PRE-BUDGET CONSULTATIONS

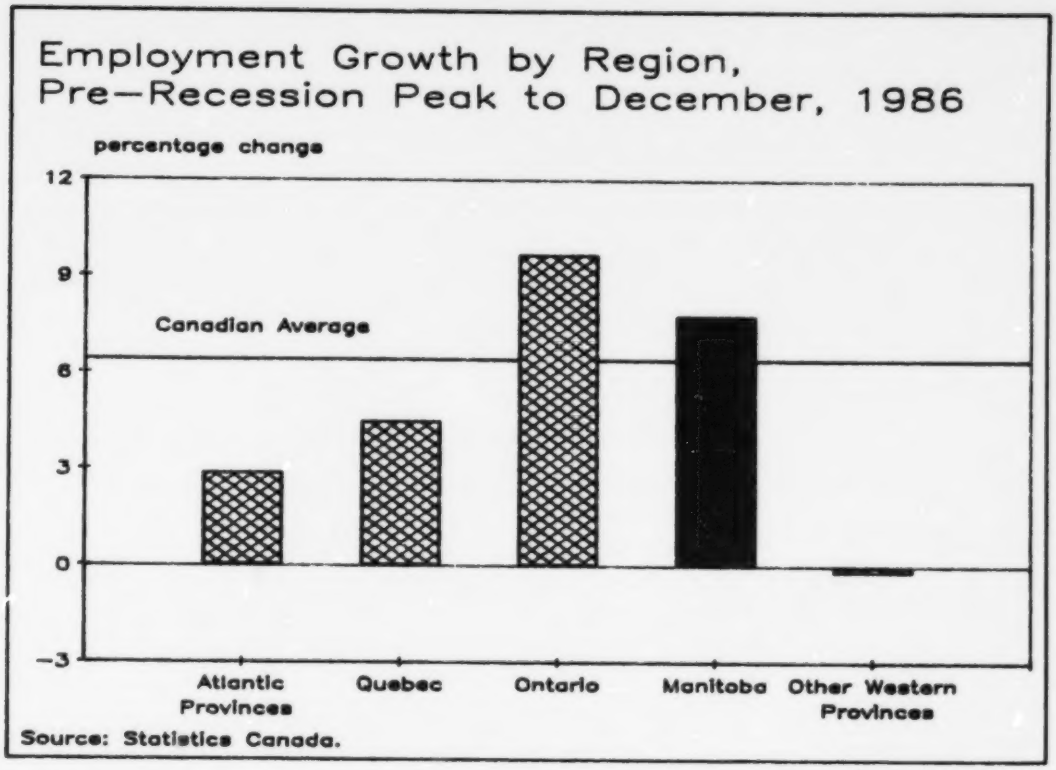
TABLE OF CONTENTS

	Page
Growth in Real Gross Domestic Product, Manitoba and Canada, 1981 to 1986	1
Employment Growth, by Region, Pre-Recession Peak to December, 1986	2
Capital Investment, by Region, 1982 to 1986	3
Gross Domestic Product Per Capita, 1986	4
Manitoba Revenue, 1986/87, 1987/88	5
Rates of Change in Revenue by Components, 1986/87 to 1987/88	6
Rates of Change in Revenues, Canada and Manitoba, 1986/87 to 1987/88	7
Federal Payments to Manitoba for Equalization and Health and Higher Education, 1986/87 to 1987/88	8
Financing Trend -- Federal Share of Health and Higher Education in Canada, Projection to 1990/91	9
Expenditure Estimates for Manitoba, 1986/87	10



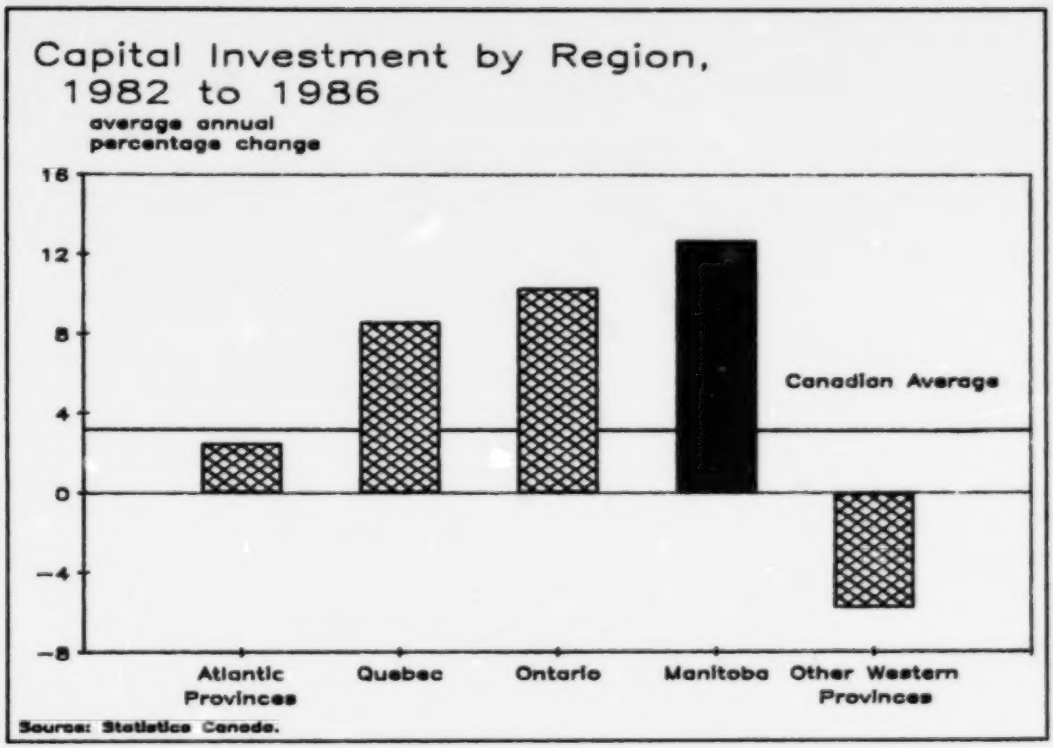
- The severity of the recession was not as pronounced in Manitoba as in Canada as a whole.

- Between 1981 and 1986, the net increase in real Gross Domestic Product in Manitoba was 13.8% while in Canada this increase amounted to 10.7%.



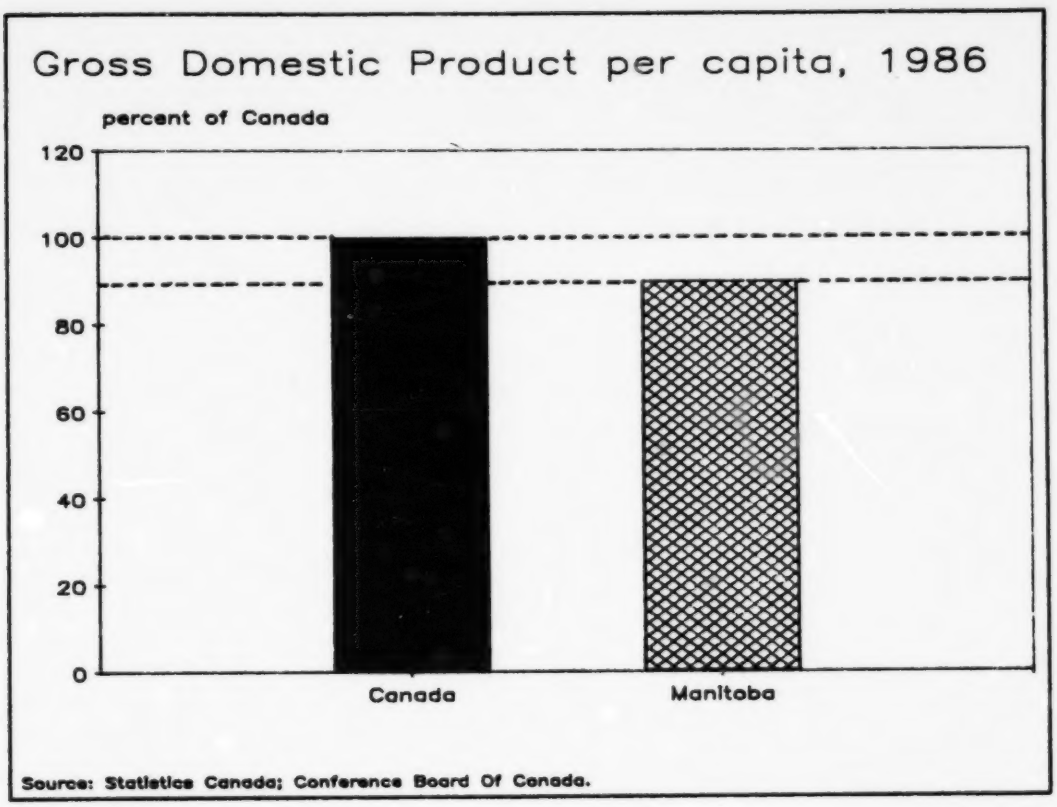
- Over the past five years, employment growth in Manitoba has been among the strongest of all provinces.

- Employment in December, 1986 stood at 499,000, 7.8% above its pre-recession peak in Manitoba, compared to a 6.1% increase for Canada as a whole.



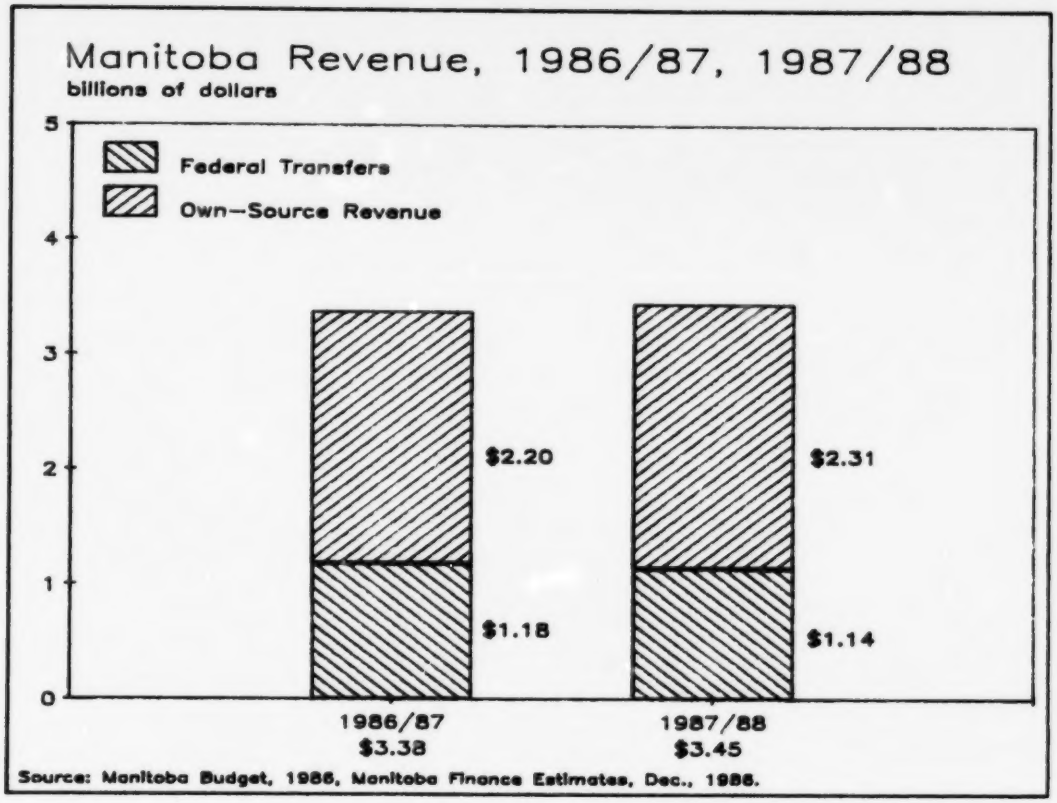
- Total capital investment in Manitoba is projected to reach $3,153 million in 1986, an average annual increase of 12.7% since 1982.

- This rate of increase is the highest among provinces and more than four times the national average increase of 3.1%.



- Despite improvement in Manitoba's economy relative to the national average, Gross Domestic Product per capita remains about 10% lower in Manitoba than in Canada as a whole. This gap was estimated to be about $2,000 per Manitoban in 1986.

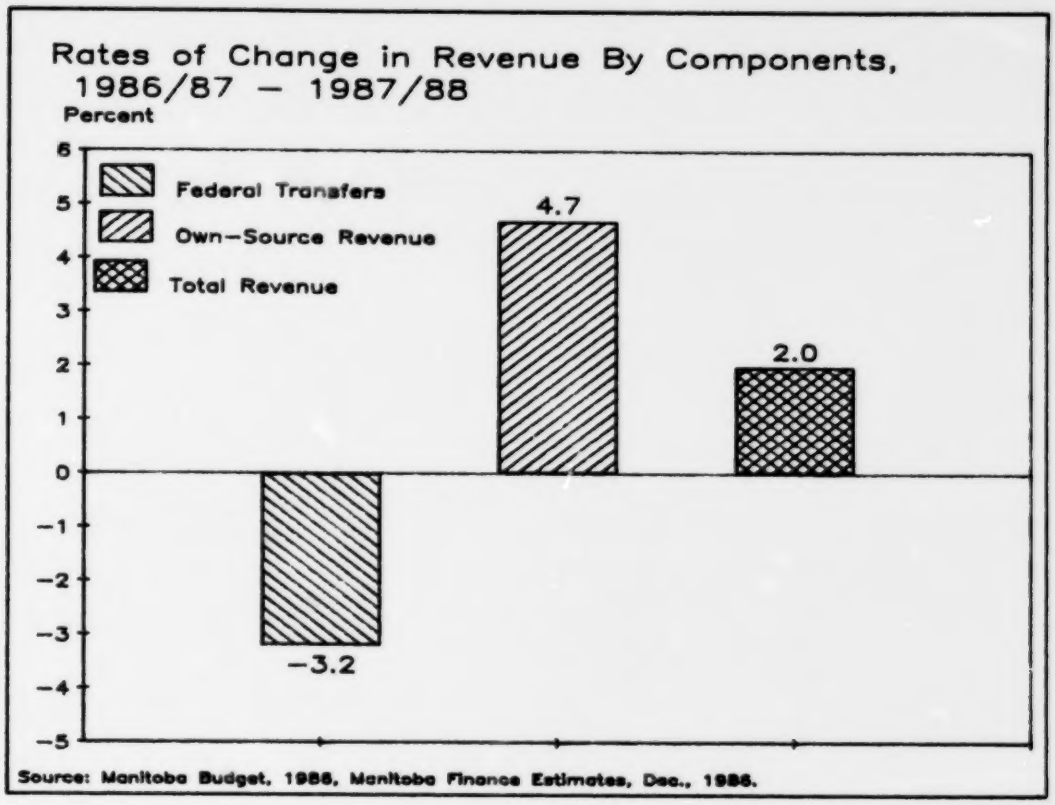
- This means that the Province has a lower capacity to raise revenue than the national average.



° Manitoba revenues are growing very slowly.

° Federal revenue is projected to decline by about $37 million in 1987/88.

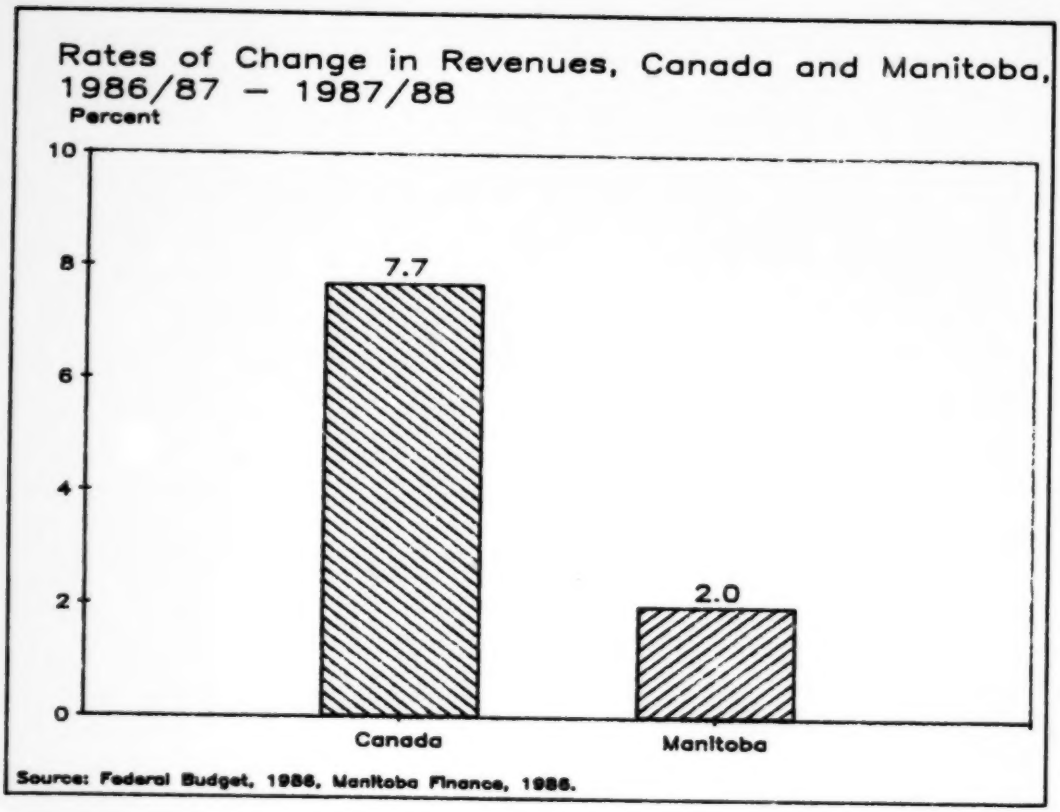
° Manitoba's own-source revenue will grow by about $110 million.



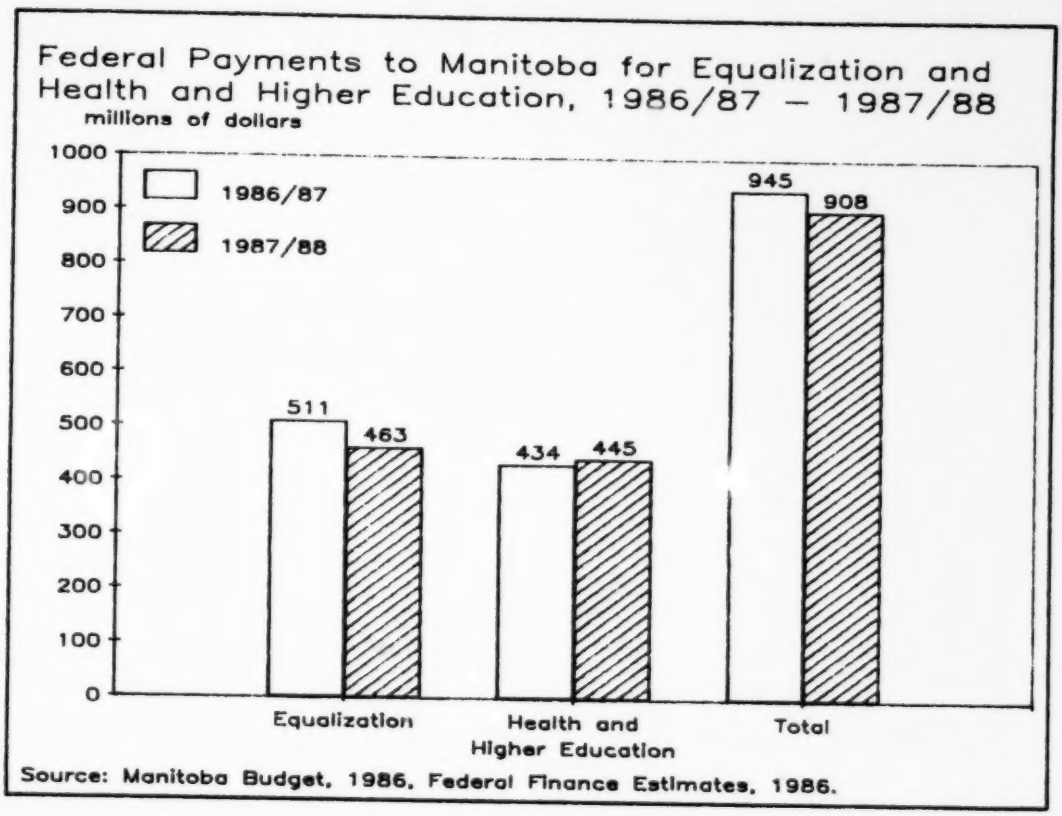
° Federal revenue to Manitoba will fall by 3.2%.

° Manitoba's own-source revenue will grow by 4.7%.

° Overall revenue growth at current tax rates will be 2%.



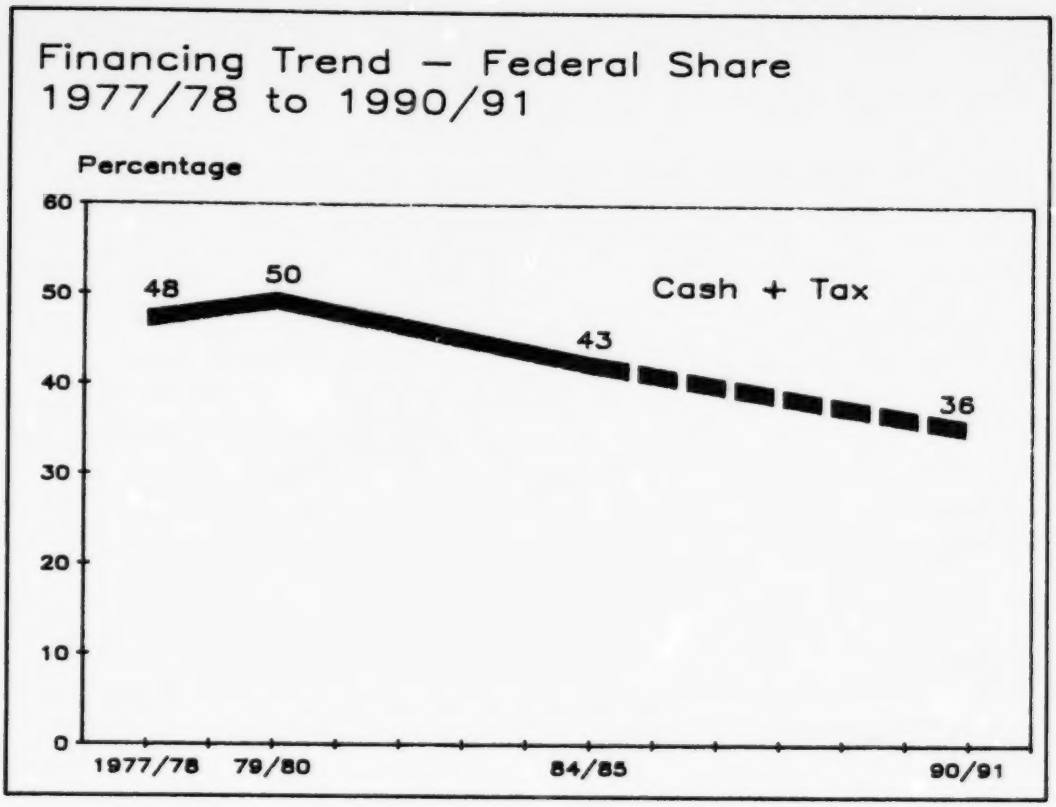
- The federal government estimates revenue growth of 7.7% for 1987/88.
- Manitoba estimates growth of 2% with current revenue measures at current rates.



- Federal cash support for health and higher education will grow only $11 million, or 2.5%.

- Federal equalization estimates currently project a decline of $48 million, or 9.4%.

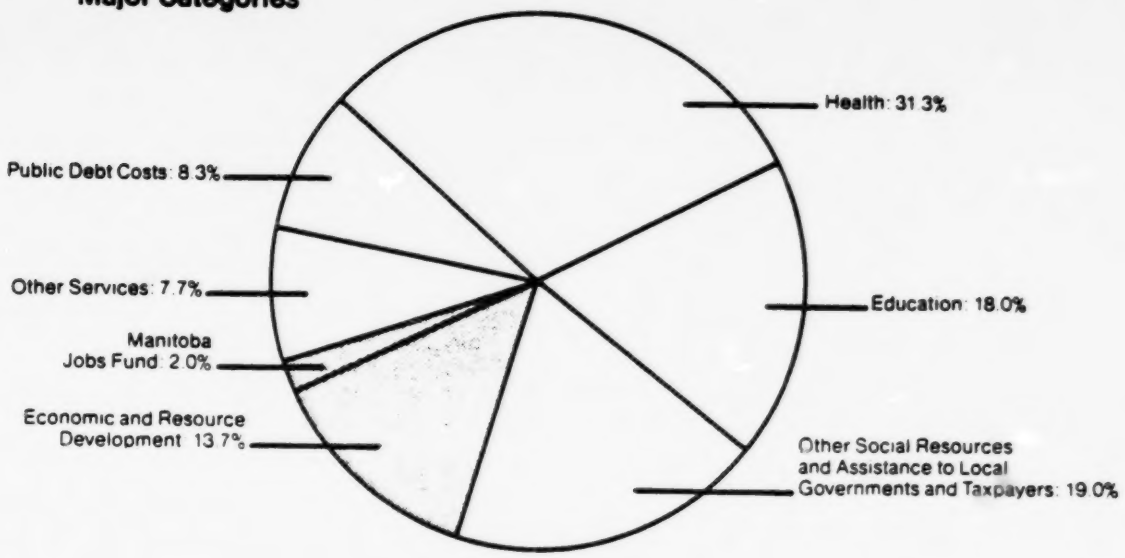
- Total federal cash payments in support of these two programs are projected to decline by $37 million, or almost 4%.



- Total federal support for health and higher education peaked in 1979/80 at 50% of provincial expenditures.
- Reductions in federal support from 1982/83 to 1984/85 resulted in a decline in the federal share to 43% in 1985/86.
- Current projections indicate that the effect of Bill C-96 will be to further reduce the federal share to about 36% by 1990/91.

Provincial Expenditure, 1986/87

Major Categories


Health: 31.3%
Public Debt Costs: 8.3%
Other Services: 7.7%
Education: 18.0%
Manitoba Jobs Fund: 2.0%
Economic and Resource Development: 13.7%
Other Social Resources and Assistance to Local Governments and Taxpayers: 19.0%

▨ ECONOMIC DEVELOPMENT: 15.7%

□ PUBLIC SERVICE AND OTHER EXPENDITURES: 84.3%

ESTIMATES	$ Millions	$ Per Capita
Health	1,209.8	1,120
Education	697.1	645
Other Social Resources and Assistance to Local Governments and Taxpayers	736.3	682
Economic and Resource Development	528.7	490
Manitoba Jobs Fund	78.4	73
Other Services	297.0	275
Public Debt Costs	322.3	298
TOTAL EXPENDITURES	**3,869.6**	**3,583**